

SENATE MOTION

MADAM PRESIDENT:

I move that Engrossed House Bill 1102 be amended to read as follows:

- 1 Page 19, between lines 32 and 33, begin a new paragraph and insert:
2 "SECTION 15. IC 6-1.1-20.9-2, AS AMENDED BY P.L.246-2005,
3 SECTION 63, IS AMENDED TO READ AS FOLLOWS
4 [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) Except as otherwise
5 provided in section 5 of this chapter, an individual who on March 1 of
6 a particular year either owns or is buying a homestead under a contract
7 that provides the individual is to pay the property taxes on the
8 homestead is entitled each calendar year to a credit against the property
9 taxes which the individual pays on the individual's homestead **in the**
10 **amount determined under subsection (b).** However, only one (1)
11 individual may receive a credit under this chapter for a particular
12 homestead in a particular year.
13 (b) The amount of the credit to which the individual is entitled equals
14 the product of:
15 (1) ~~the percentage prescribed in subsection (d);~~ **twenty percent**
16 **(20%);** multiplied by
17 (2) the amount of the individual's property tax liability, as that
18 term is defined in IC 6-1.1-21-5, which is:
19 (A) attributable **during the particular calendar year to: the**
20 **(i) for a homestead during the particular calendar year; with**
21 **a gross assessed valuation that does not exceed three**
22 **hundred thousand dollars (\$300,000), the remainder of**
23 **the gross assessed valuation of the homestead minus the**
24 **deductions referred to in subsection (c)(1); or**
25 **(ii) for a homestead with a gross assessed valuation that**
26 **exceeds three hundred thousand dollars (\$300,000), the**
27 **remainder of the part of the gross assessed valuation of**
28 **the homestead that equals three hundred thousand**
29 **dollars (\$300,000) minus the apportioned amount of**
30 **deductions under subsection (c)(2); and**

1 (B) determined after the application of the property tax
2 replacement credit under IC 6-1.1-21.

3 (c) For purposes of determining that part of an individual's property
4 tax liability that is attributable to the individual's homestead:

5 (1) all deductions from assessed valuation which the individual
6 claims under IC 6-1.1-12 or IC 6-1.1-12.1 for property on which
7 the individual's homestead is located must be applied first against
8 the assessed value of the individual's homestead before those
9 deductions are applied against any other property; **and**

10 **(2) if the gross assessed valuation of the individual's**
11 **homestead exceeds three hundred thousand dollars**
12 **(\$300,000), the deductions referred to in subdivision (1) and**
13 **the deduction under IC 6-1.1-12-37 (if the homestead qualifies**
14 **for that deduction) are apportioned proportionately between:**

15 **(A) the part of the gross assessed valuation of the**
16 **individual's homestead that equals three hundred thousand**
17 **dollars (\$300,000); and**

18 **(B) the part of the gross assessed valuation of the**
19 **individual's homestead that exceeds three hundred**
20 **thousand dollars (\$300,000).**

21 (d) The percentage of the credit referred to in subsection (b)(1) is as
22 follows:

23 YEAR	24 PERCENTAGE OF THE CREDIT
25 1996	8%
26 1997	6%
27 1998 through 2002	10%
28 2003 and thereafter	20%

29 ~~However,~~ The property tax replacement fund board established under
30 IC 6-1.1-21-10 shall increase the percentage of the credit ~~provided in~~
31 ~~the schedule~~ for any year if the budget agency determines that an
32 increase is necessary to provide the minimum tax relief authorized under
33 IC 6-1.1-21-2.5. If the board increases the percentage of the credit
34 ~~provided in the schedule~~ for any year, the percentage of the credit for the
35 immediately following year is ~~the percentage provided in the schedule~~
36 **twenty percent (20%)** for that particular year, unless as provided in
37 this subsection the board must increase the percentage of the credit
38 ~~provided in the schedule~~ for that particular year. However, the
39 percentage credit allowed in a particular county for a particular year
40 shall be increased if on January 1 of a year an ordinance adopted by a
41 county income tax council was in effect in the county which increased
42 the homestead credit. The amount of the increase equals the amount
43 designated in the ordinance.

44 (e) Before October 1 of each year, the assessor shall furnish to the
45 county auditor the amount of the assessed valuation of each homestead
46 for which a homestead credit has been properly filed under this chapter.

(f) The county auditor shall apply the credit equally to each installment of taxes that the individual pays for the property.

(g) Notwithstanding the provisions of this chapter, a taxpayer other than an individual is entitled to the credit provided by this chapter if:

- (1) an individual uses the residence as the individual's principal place of residence;
- (2) the residence is located in Indiana;
- (3) the individual has a beneficial interest in the taxpayer;
- (4) the taxpayer either owns the residence or is buying it under a contract, recorded in the county recorder's office, that provides that the individual is to pay the property taxes on the residence; and
- (5) the residence consists of a single-family dwelling and the real estate, not exceeding one (1) acre, that immediately surrounds that dwelling.

SECTION 16. IC 6-1.1-21-2, AS AMENDED BY P.L.1-2005, SECTION 92, AND AS AMENDED BY P.L.246-2005, SECTION 64, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. As used in this chapter:

(a) "Taxpayer" means a person who is liable for taxes on property assessed under this article.

(b) "Taxes" means property taxes payable in respect to property assessed under this article. The term does not include special assessments, penalties, or interest, but does include any special charges which a county treasurer combines with all other taxes in the preparation and delivery of the tax statements required under IC 6-1.1-22-8(a).

(c) "Department" means the department of state revenue.

(d) "Auditor's abstract" means the annual report prepared by each county auditor which under IC 6-1.1-22-5 is to be filed on or before March 1 of each year with the auditor of state.

(e) "Mobile home assessments" means the assessments of mobile homes made under IC 6-1.1-7.

(f) "Postabstract adjustments" means adjustments in taxes made subsequent to the filing of an auditor's abstract which change assessments therein or add assessments of omitted property affecting taxes for such assessment year.

(g) "Total county tax levy" means the sum of:

(1) the remainder of:

(A) the aggregate levy of all taxes for all taxing units in a county which are to be paid in the county for a stated assessment year as reflected by the auditor's abstract for the assessment year, adjusted, however, for any postabstract adjustments which change the amount of the aggregate levy; minus

(B) the sum of any increases in property tax levies of taxing units of the county that result from appeals described in:

- 1 (i) IC 6-1.1-18.5-13(4) and IC 6-1.1-18.5-13(5) filed after
- 2 December 31, 1982; plus
- 3 (ii) the sum of any increases in property tax levies of taxing
- 4 units of the county that result from any other appeals
- 5 described in IC 6-1.1-18.5-13 filed after December 31, 1983;
- 6 plus
- 7 (iii) IC 6-1.1-18.6-3 (children in need of services and
- 8 delinquent children who are wards of the county) **(repealed)**;
- 9 minus
- 10 (C) the total amount of property taxes imposed for the stated
- 11 assessment year by the taxing units of the county under the
- 12 authority of IC 12-1-11.5 (repealed), IC 12-2-4.5 (repealed),
- 13 IC 12-19-5, or IC 12-20-24; minus
- 14 (D) the total amount of property taxes to be paid during the
- 15 stated assessment year that will be used to pay for interest or
- 16 principal due on debt that:
- 17 (i) is entered into after December 31, 1983;
- 18 (ii) is not debt that is issued under IC 5-1-5 to refund debt
- 19 incurred before January 1, 1984; and
- 20 (iii) does not constitute debt entered into for the purpose of
- 21 building, repairing, or altering school buildings for which the
- 22 requirements of IC 20-5-52 (*repealed*) were satisfied prior
- 23 to January 1, 1984; minus
- 24 (E) the amount of property taxes imposed in the county for the
- 25 stated assessment year under the authority of IC 21-2-6
- 26 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a
- 27 cumulative building fund whose property tax rate was initially
- 28 established or reestablished for a stated assessment year that
- 29 succeeds the 1983 stated assessment year; minus
- 30 (F) the remainder of:
- 31 (i) the total property taxes imposed in the county for the
- 32 stated assessment year under authority of IC 21-2-6
- 33 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a
- 34 cumulative building fund whose property tax rate was not
- 35 initially established or reestablished for a stated assessment
- 36 year that succeeds the 1983 stated assessment year; minus
- 37 (ii) the total property taxes imposed in the county for the
- 38 1984 stated assessment year under the authority of IC 21-2-6
- 39 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a
- 40 cumulative building fund whose property tax rate was not
- 41 initially established or reestablished for a stated assessment
- 42 year that succeeds the 1983 stated assessment year; minus
- 43 (G) the amount of property taxes imposed in the county for the
- 44 stated assessment year under:
- 45 (i) IC 21-2-15 for a capital projects fund; plus
- 46 (ii) IC 6-1.1-19-10 for a racial balance fund; plus

- 1 (iii) ~~IC 20-14-13~~ IC 36-12-12 for a library capital projects
- 2 fund; plus
- 3 (iv) ~~IC 20-5-17.5-3~~ IC 36-10-13-7 for an art association
- 4 fund; plus
- 5 (v) IC 21-2-17 for a special education preschool fund; plus
- 6 (vi) IC 21-2-11.6 for a referendum tax levy fund; plus
- 7 (vii) an appeal filed under IC 6-1.1-19-5.1 for an increase in
- 8 a school corporation's maximum permissible general fund
- 9 levy for certain transfer tuition costs; plus
- 10 (viii) an appeal filed under IC 6-1.1-19-5.4 for an increase in
- 11 a school corporation's maximum permissible general fund
- 12 levy for transportation operating costs; minus
- 13 (H) the amount of property taxes imposed by a school
- 14 corporation that is attributable to the passage, after 1983, of a
- 15 referendum for an excessive tax levy under IC 6-1.1-19,
- 16 including any increases in these property taxes that are
- 17 attributable to the adjustment set forth in IC 6-1.1-19-1.5 or
- 18 any other law; minus
- 19 (I) for each township in the county, the lesser of:
- 20 (i) the sum of the amount determined in IC 6-1.1-18.5-19(a)
- 21 STEP THREE or IC 6-1.1-18.5-19(b) STEP THREE,
- 22 whichever is applicable, plus the part, if any, of the
- 23 township's ad valorem property tax levy for calendar year
- 24 1989 that represents increases in that levy that resulted from
- 25 an appeal described in IC 6-1.1-18.5-13(4) filed after
- 26 December 31, 1982; or
- 27 (ii) the amount of property taxes imposed in the township for
- 28 the stated assessment year under the authority of
- 29 IC 36-8-13-4; minus
- 30 (J) for each participating unit in a fire protection territory
- 31 established under IC 36-8-19-1, the amount of property taxes
- 32 levied by each participating unit under IC 36-8-19-8 and
- 33 IC 36-8-19-8.5 less the maximum levy limit for each of the
- 34 participating units that would have otherwise been available for
- 35 fire protection services under IC 6-1.1-18.5-3 and
- 36 IC 6-1.1-18.5-19 for that same year; minus
- 37 (K) for each county, the sum of:
- 38 (i) the amount of property taxes imposed in the county for
- 39 the repayment of loans under IC 12-19-5-6 (repealed) that is
- 40 included in the amount determined under IC 12-19-7-4(a)
- 41 STEP SEVEN for property taxes payable in 1995, or for
- 42 property taxes payable in each year after 1995, the amount
- 43 determined under IC 12-19-7-4(b); and
- 44 (ii) the amount of property taxes imposed in the county
- 45 attributable to appeals granted under IC 6-1.1-18.6-3
- 46 **(repealed)** that is included in the amount determined under

- 1 IC 12-19-7-4(a) STEP SEVEN for property taxes payable in
- 2 1995, or the amount determined under IC 12-19-7-4(b) for
- 3 property taxes payable in each year after 1995; plus
- 4 (2) all taxes to be paid in the county in respect to mobile home
- 5 assessments currently assessed for the year in which the taxes
- 6 stated in the abstract are to be paid; plus
- 7 (3) the amounts, if any, of county adjusted gross income taxes that
- 8 were applied by the taxing units in the county as property tax
- 9 replacement credits to reduce the individual levies of the taxing
- 10 units for the assessment year, as provided in IC 6-3.5-1.1; plus
- 11 (4) the amounts, if any, by which the maximum permissible ad
- 12 valorem property tax levies of the taxing units of the county were
- 13 reduced under IC 6-1.1-18.5-3(b) STEP EIGHT for the stated
- 14 assessment year; plus
- 15 (5) the difference between:
- 16 (A) the amount determined in IC 6-1.1-18.5-3(e) STEP FOUR;
- 17 minus
- 18 (B) the amount the civil taxing units' levies were increased
- 19 because of the reduction in the civil taxing units' base year
- 20 certified shares under IC 6-1.1-18.5-3(e).
- 21 (h) "December settlement sheet" means the certificate of settlement
- 22 filed by the county auditor with the auditor of state, as required under
- 23 IC 6-1.1-27-3.
- 24 (i) "Tax duplicate" means the roll of property taxes which each
- 25 county auditor is required to prepare on or before March 1 of each year
- 26 under IC 6-1.1-22-3.
- 27 (j) "Eligible property tax replacement amount" is, *except as*
- 28 *otherwise provided by law*, equal to the sum of the following:
- 29 (1) Sixty percent (60%) **or the percentage determined under**
- 30 **section 2.3 of this chapter** of the total county tax levy imposed
- 31 by each school corporation in a county for its general fund for a
- 32 stated assessment year.
- 33 (2) Twenty percent (20%) of the total county tax levy (less sixty
- 34 percent (60%) **or the percentage determined under section 2.3**
- 35 **of this chapter** of the levy for the general fund of a school
- 36 corporation that is part of the total county tax levy) imposed in a
- 37 county on real property for a stated assessment year **excluding:**
- 38 **(A) real property parcels referred to in subdivisions (3)**
- 39 **through (6);**
- 40 **(B) each real property parcel that:**
- 41 **(i) is assessed as residential property under the rules of**
- 42 **the department of local government finance;**
- 43 **(ii) includes more than four (4) family dwellings; and**
- 44 **(iii) has a combined assessed value of land and**
- 45 **improvements that exceeds three million dollars**
- 46 **(\$3,000,000); and**

(C) each real property parcel that:

(i) is assessed as commercial or industrial property under the rules of the department of local government finance; and

(ii) has a combined assessed value of land and improvements that exceeds three million dollars (\$3,000,000).

(3) Twenty percent (20%) of the total county tax levy (less sixty percent (60%) or the percentage determined under section 2.3 of this chapter of the levy for the general fund of a school corporation that is part of the total county tax levy) imposed in a county on real property for a stated assessment year attributable to:

(A) for single family dwelling parcels with combined gross assessed valuations of land and improvements that do not exceed three hundred thousand dollars (\$300,000), the total of the remainders with respect to each parcel of:

(i) the gross assessed valuation of the parcel; minus

(ii) any deductions applied to the gross assessed valuation under IC 6-1.1-12 or IC 6-1.1-12.1; or

(B) for single family dwelling parcels with combined gross assessed valuations of land and improvements that exceed three hundred thousand dollars (\$300,000), the total of the remainders with respect to each parcel of:

(i) the part of the gross assessed valuation of the parcel that equals three hundred thousand dollars (\$300,000); minus

(ii) the apportioned amount under section 2.2 of this chapter of any deductions for the parcel.

(4) Twenty percent (20%) of the total county tax levy (less sixty percent (60%) or the percentage determined under section 2.3 of this chapter of the levy for the general fund of a school corporation that is part of the total county tax levy) imposed in a county on real property for a stated assessment year attributable to:

(A) for two (2) family dwelling parcels with combined gross assessed valuations of land and improvements that do not exceed four hundred thousand dollars (\$400,000), the total of the remainders with respect to each parcel of:

(i) the gross assessed valuation of the parcel; minus

(ii) any deductions applied to the gross assessed valuation under IC 6-1.1-12 or IC 6-1.1-12.1; or

(B) for two (2) family dwelling parcels with combined gross assessed valuations of land and improvements that exceed four hundred thousand dollars (\$400,000), the total of the remainders with respect to each parcel of:

- 1 (i) the part of the gross assessed valuation of the parcel
- 2 that equals four hundred thousand dollars (\$400,000);
- 3 minus
- 4 (ii) the apportioned amount under section 2.2 of this
- 5 chapter of any deductions for the parcel.
- 6 (5) Twenty percent (20%) of the total county tax levy (less
- 7 sixty percent (60%) or the percentage determined under
- 8 section 2.3 of this chapter of the levy for the general fund of a
- 9 school corporation that is part of the total county tax levy)
- 10 imposed in a county on real property for a stated assessment
- 11 year attributable to:
- 12 (A) for three (3) family dwelling parcels with combined
- 13 gross assessed valuations of land and improvements that
- 14 do not exceed five hundred thousand dollars (\$500,000),
- 15 the total of the remainders with respect to each parcel of:
- 16 (i) the gross assessed valuation of the parcel; minus
- 17 (ii) any deductions applied to the gross assessed
- 18 valuation under IC 6-1.1-12 or IC 6-1.1-12.1; or
- 19 (B) for three (3) family dwelling parcels with combined
- 20 gross assessed valuations of land and improvements that
- 21 exceed five hundred thousand dollars (\$500,000), the total
- 22 of the remainders with respect to each parcel of:
- 23 (i) the part of the gross assessed valuation of the parcel
- 24 that equals five hundred thousand dollars (\$500,000);
- 25 minus
- 26 (ii) the apportioned amount under section 2.2 of this
- 27 chapter of any deductions for the parcel.
- 28 (6) Twenty percent (20%) of the total county tax levy (less
- 29 sixty percent (60%) or the percentage determined under
- 30 section 2.3 of this chapter of the levy for the general fund of a
- 31 school corporation that is part of the total county tax levy)
- 32 imposed in a county on real property for a stated assessment
- 33 year attributable to:
- 34 (A) for four (4) family dwelling parcels with combined
- 35 gross assessed valuations of land and improvements that
- 36 do not exceed six hundred thousand dollars (\$600,000), the
- 37 total of the remainders with respect to each parcel of:
- 38 (i) the gross assessed valuation of the parcel; minus
- 39 (ii) any deductions applied to the gross assessed
- 40 valuation under IC 6-1.1-12 or IC 6-1.1-12.1; or
- 41 (B) for four (4) family dwelling parcels with combined
- 42 gross assessed valuations of land and improvements that
- 43 exceed six hundred thousand dollars (\$600,000), the total
- 44 of the remainders with respect to each parcel of:
- 45 (i) the part of the gross assessed valuation of the parcel
- 46 that equals six hundred thousand dollars (\$600,000);

1 minus

2 (ii) the apportioned amount under section 2.2 of this
3 chapter of any deductions for the parcel.

4 (7) Fifteen percent (15%) of the total county tax levy (less
5 sixty percent (60%) or the percentage determined under
6 section 2.3 of this chapter of the levy for the general fund of a
7 school corporation that is part of the total county tax levy)
8 imposed in a county on real property for a stated assessment
9 year attributable to, for parcels with combined gross assessed
10 valuations of land and improvements that exceed three
11 hundred thousand dollars (\$300,000) and do not exceed one
12 million two hundred thousand dollars (\$1,200,000) and that
13 are five (5) or more family dwelling parcels or parcels
14 assessed as commercial or industrial property under the rules
15 of the department of local government finance, the total of the
16 remainders with respect to each parcel of:

17 (A) the gross assessed valuation of the parcel; minus

18 (B) any deductions applied to the gross assessed valuation
19 under IC 6-1.1-12, IC 6-1.1-12.1, IC 6-1.1-12.4,
20 IC 6-1.1-42, or IC 6-1.1-45.

21 (8) Ten percent (10%) of the total county tax levy (less sixty
22 percent (60%) or the percentage determined under section 2.3
23 of this chapter of the levy for the general fund of a school
24 corporation that is part of the total county tax levy) imposed
25 in a county on real property for a stated assessment year
26 attributable to, for parcels with combined gross assessed
27 valuations of land and improvements that exceed one million
28 two hundred thousand dollars (\$1,200,000) and do not exceed
29 two million one hundred thousand dollars (\$2,100,000) and
30 that are five (5) or more family dwelling parcels or parcels
31 assessed as commercial or industrial property under the rules
32 of the department of local government finance, the total of the
33 remainders with respect to each parcel of:

34 (A) the gross assessed valuation of the parcel; minus

35 (B) any deductions applied to the gross assessed valuation
36 under IC 6-1.1-12, IC 6-1.1-12.1, IC 6-1.1-12.4,
37 IC 6-1.1-42, or IC 6-1.1-45.

38 (9) Five percent (5%) of the total county tax levy (less sixty
39 percent (60%) or the percentage determined under section 2.3
40 of this chapter of the levy for the general fund of a school
41 corporation that is part of the total county tax levy) imposed
42 in a county on real property for a stated assessment year
43 attributable to, for parcels with combined gross assessed
44 valuations of land and improvements that exceed two million
45 one hundred thousand dollars (\$2,100,000) and do not exceed
46 three million dollars (\$3,000,000) and that are five (5) or more

1 **family dwelling parcels or parcels assessed as commercial or**
 2 **industrial property under the rules of the department of local**
 3 **government finance, the total of the remainders with respect**
 4 **to each parcel of:**

5 (A) the gross assessed valuation of the parcel; minus

6 (B) any deductions applied to the gross assessed valuation
 7 under IC 6-1.1-12, IC 6-1.1-12.1, IC 6-1.1-12.4,
 8 IC 6-1.1-42, or IC 6-1.1-45.

9 ~~(9)~~ **(10)** Twenty percent (20%) of the total county tax levy (less
 10 sixty percent (60%) **or the percentage determined under**
 11 **section 2.3 of this chapter** of the levy for the general fund of a
 12 school corporation that is part of the total county tax levy)
 13 imposed in a county on tangible personal property, excluding
 14 business personal property, for an assessment year.

15 (k) "Business personal property" means tangible personal property
 16 (other than real property) that is being:

17 (1) held for sale in the ordinary course of a trade or business; or

18 (2) held, used, or consumed in connection with the production of
 19 income.

20 (l) "Taxpayer's property tax replacement credit amount" means,
 21 *except as otherwise provided by law*, the sum of the following:

22 (1) Sixty percent (60%) **or the percentage determined under**
 23 **section 2.3 of this chapter** of a taxpayer's tax liability in a
 24 calendar year for taxes imposed by a school corporation for its
 25 general fund for a stated assessment year.

26 (2) Twenty percent (20%), **or a percentage based on the**
 27 **amount of property tax replacement credit to which the**
 28 **taxpayer is entitled based on the part of the total county tax**
 29 **levy for which the taxpayer is liable as described in subsection**
 30 **(j)**, of a taxpayer's tax liability for a stated assessment year for a
 31 total county tax levy (less sixty percent (60%) **or the percentage**
 32 **determined under section 2.3 of this chapter** of the levy for the
 33 general fund of a school corporation that is part of the total county
 34 tax levy) on real property.

35 (3) Twenty percent (20%) of a taxpayer's tax liability for a stated
 36 assessment year for a total county tax levy (less sixty percent
 37 (60%) **or the percentage determined under section 2.3 of this**
 38 **chapter** of the levy for the general fund of a school corporation
 39 that is part of the total county tax levy) on tangible personal
 40 property other than business personal property.

41 (m) "Tax liability" means tax liability as described in section 5 of
 42 this chapter.

43 (n) "General school operating levy" means the ad valorem property
 44 tax levy of a school corporation in a county for the school corporation's
 45 general fund.

46 (o) "Board" refers to the property tax replacement fund board

1 *established under section 10 of this chapter.*

2 **(p) "Family dwelling parcel" means a parcel on which is located**
 3 **real property improvements that include the indicated number of**
 4 **family dwellings.**

5 SECTION 17. IC 6-1.1-21-2.2 IS ADDED TO THE INDIANA
 6 CODE AS A NEW SECTION TO READ AS FOLLOWS
 7 [EFFECTIVE UPON PASSAGE]: **Sec. 2.2. If the gross assessed**
 8 **valuation of a parcel exceeds the amount referred to in subsection**
 9 **(j)(3), (j)(4), (j)(5), or (j)(6), any deductions applied for purposes**
 10 **of subsection (j) to the gross assessed valuation of the parcel under**
 11 **IC 6-1.1-12 or IC 6-1.1-12.1 are apportioned proportionately**
 12 **between:**

- 13 **(1) the part of the gross assessed valuation of the parcel that**
 14 **equals the amount referred to in subsection (j)(3), (j)(4), (j)(5),**
 15 **or (j)(6); and**
- 16 **(2) the part of the gross assessed valuation of the parcel that**
 17 **exceeds the amount referred to in subsection (j)(3), (j)(4),**
 18 **(j)(5), or (j)(6).**

19 SECTION 18. IC 6-1.1-21-2.3 IS ADDED TO THE INDIANA
 20 CODE AS A NEW SECTION TO READ AS FOLLOWS
 21 [EFFECTIVE UPON PASSAGE]: **Sec. 2.3. (a) With respect to**
 22 **property taxes first due and payable in each year the department**
 23 **of local government finance shall:**

- 24 **(1) determine the amount, notwithstanding section 2.5 of this**
 25 **chapter or any other law, that the state's liability for**
 26 **payments from the property tax replacement fund would be**
 27 **reduced for that year as a result of the amendments made in**
 28 **the 2006 session of the general assembly to:**

29 **(A) IC 6-1.1-20.9-2; and**

30 **(B) section 2 of this chapter; and**

- 31 **(2) determine an adjusted percentage to be substituted for**
 32 **each occurrence of sixty percent (60%) as it appears in**
 33 **section 2(j) and 2(l) of this chapter that would result in an**
 34 **increase in payments from the property tax replacement fund**
 35 **to school corporations for that year in the amount determined**
 36 **under subdivision (1).**

37 **(b) The adjusted percentage determined under subsection (a)(2)**
 38 **is:**

- 39 **(1) substituted in; and**
- 40 **(2) applied under;**

41 **section 2(j) and 2(l) of this chapter before percentage adjustments**
 42 **are made under section 2.5 of this chapter or any other law.**

43 SECTION 19. IC 6-1.1-21-2.5, AS ADDED BY P.L.246-2005,
 44 SECTION 65, IS AMENDED TO READ AS FOLLOWS
 45 [EFFECTIVE UPON PASSAGE]: **Sec. 2.5. (a) Annually, before the**
 46 **department determines the eligible property tax replacement amount for**

a year under section 3 of this chapter and the department of local government finance makes its certification under section 3(b) of this chapter, the budget agency shall determine the sum of the following:

(1) One billion one hundred twenty-one million seven hundred thousand dollars (\$1,121,700,000).

(2) An amount equal to the net amount of revenue, after deducting collection allowances and refunds, that the budget agency estimates will be collected in a particular calendar year from the part of the gross retail and use tax rate imposed under IC 6-2.5 equal to one percent (1%).

The estimate made under this subsection must be consistent with the latest technical forecast of state revenues that is prepared for distribution to the general assembly and the general public and available to the budget agency at the time that the estimate is made.

(b) The department may not distribute eligible property tax replacement amounts and eligible homestead credit replacement amounts for a year under this chapter that, in the aggregate, is less than the amount computed under subsection (a).

(c) Annually, before the department determines the eligible property tax replacement amount for a year under section 3 of this chapter and the department of local government finance makes its certification under section 3(b) of this chapter, the budget agency shall determine whether the total amount of property tax replacement credits granted in Indiana under section 5 of this chapter and homestead credits granted in Indiana under IC 6-1.1-20.9-2 for a year, determined without applying subsection (b), will be less than the amount determined under subsection (b). The budget agency shall give notice of its determination to the members of the board and, in an electronic format under IC 5-14-6, the general assembly. If the budget agency determines that the amount determined under subsection (b) will not be exceeded in a particular year, the board shall increase for that year the percentages used to determine a taxpayer's property tax replacement credit amount and the homestead credit percentage applicable under IC 6-1.1-20.9-2 so that the total amount of property tax replacement credits granted in Indiana under section 5 of this chapter and homestead credits granted in Indiana under IC 6-1.1-20.9-2 at least equals the amount determined under subsection (b). In making adjustments under this subsection, the board shall increase percentages in the following order until the total of property tax replacement credits granted under section 5 of this chapter and homestead credits granted under IC 6-1.1-20.9-2 for the year at least equals the amount determined under subsection (b):

(1) The homestead credit percentage specified in IC 6-1.1-20.9-2 until the homestead percentage reaches the lesser of:

(A) thirty percent (30%); or

(B) the percentage at which the total of property tax replacement credits granted under section 5 of this chapter and

- 1 homestead credits granted under IC 6-1.1-20.9-2 for the year
 2 at least equals the amount determined under subsection (b).
- 3 (2) If the amount determined under subsection (b) is not exceeded
 4 after increasing the homestead percentage under subdivision (1),
 5 the board shall increase the property tax replacement credit
 6 percentage specified in section 2(j)(1) and 2(l)(1) of this chapter
 7 until the property tax replacement percentage reaches the lesser of:
 8 (A) seventy percent (70%); or
 9 (B) the percentage at which the total of property tax
 10 replacement credits granted under section 5 of this chapter and
 11 homestead credits granted under IC 6-1.1-20.9-2 for the year,
 12 as adjusted under this subsection, at least equals the amount
 13 determined under subsection (b).
- 14 (3) If the amount determined under subsection (b) is not exceeded
 15 after making all possible increases in credit percentages under
 16 subdivisions (1) and (2), the board shall increase the property tax
 17 replacement credit percentages specified in section 2(j)(2) ~~2(j)(3);~~
 18 **through (2)(j)(10)**, 2(l)(2), and 2(l)(3) of this chapter to the
 19 percentage at **which** the total of property tax replacement credits
 20 granted under section 5 of this chapter and homestead credits
 21 granted under IC 6-1.1-20.9-2 for the year, as adjusted under this
 22 subsection, at least equals the amount determined under
 23 subsection (b).
- 24 (d) The adjusted percentages set under subsection (c):
 25 (1) are the percentages that apply under:
 26 (A) section 5 of this chapter to determine a taxpayer's property
 27 tax replacement credit amount; and
 28 (B) IC 6-1.1-20.9-2 to determine a taxpayer's homestead
 29 credit; and
 30 (2) must be used by the:
 31 (A) department in estimating the eligible property tax
 32 replacement amount under section 3 of this chapter; and
 33 (B) department of local government finance in making its
 34 certification under section 3(b) of this chapter;
 35 and for all other purposes under this chapter and IC 6-1.1-20.9
 36 related to distributions under this chapter;
 37 for the particular year covered by a budget agency's determination under
 38 subsection (c).
- 39 SECTION 20. IC 6-1.1-21-7 IS AMENDED TO READ AS
 40 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a)
 41 Notwithstanding IC 6-1.1-26, any taxpayer who is entitled to a credit
 42 under this chapter or who has properly filed for and is entitled to a
 43 credit under IC 6-1.1-20.9, and who, without taking the credit, pays in
 44 full the taxes to which the credit applies, is entitled to a refund, without
 45 interest, of an amount equal to the amount of the credit. However, if the
 46 taxpayer, at the time a refund is claimed, owes any other taxes, interest,

1 or penalties payable to the county treasurer to whom the taxes subject
 2 to the credit were paid, then the credit shall be first applied in full or
 3 partial payment of the other taxes, interest, and penalties and the
 4 balance, if any, remaining after that application is available as a refund
 5 to the taxpayer.

6 (b) Any taxpayer entitled to a refund under this section shall be paid
 7 that refund from proceeds of the property tax replacement fund.
 8 However, with respect to any refund attributable to a homestead credit,
 9 the refund shall be paid from that fund only to the extent that the
 10 percentage homestead credit the taxpayer was entitled to receive for a
 11 year does not exceed the percentage credit allowed in
 12 **IC 6-1.1-20.9-2(b) or IC 6-1.1-20.9-2(d)** for that same year. Any
 13 refund in excess of that amount shall be paid from the county's revenue
 14 distributions received under IC 6-3.5-6.

15 (c) The state board of accounts shall establish an appropriate
 16 procedure to simplify and expedite the method for claiming these
 17 refunds and for the payments thereof, as provided for in this section,
 18 which procedure is the exclusive procedure for the processing of the
 19 refunds. The procedure shall, however, require the filing of claims for
 20 the refunds by not later than June 1 of the year following the payment
 21 of the taxes to which the credit applied.

22 SECTION 21. IC 6-1.1-21-9 IS AMENDED TO READ AS
 23 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) On or before
 24 October 15 of each year, each county auditor shall, make a settlement
 25 with the department as to the aggregate amount of property tax
 26 replacement credits extended to taxpayers in the auditor's county during
 27 the first eight (8) months of that same year. On or before December 31
 28 of each year, each county auditor shall make a settlement with the
 29 department along with the filing of the county auditor's December
 30 settlement as to the aggregate amount of property tax replacement
 31 credits extended to taxpayers in the auditor's county during the last four
 32 (4) months of that same year. If the aggregate credits allowed during
 33 either period exceed the property tax replacement funds allocated and
 34 distributed to the county treasurer for that same period, as provided in
 35 sections 4 and 5 of this chapter, then the department shall certify the
 36 amount of the excess to the auditor of state who shall issue a warrant,
 37 payable from the property tax replacement fund, to the treasurer of the
 38 state ordering the payment of the excess to the county treasurer. If the
 39 distribution exceeds the aggregate credits, the county treasurer shall
 40 repay to the treasurer of the state the amount of the excess, which shall
 41 be redeposited in the property tax replacement fund.

42 (b) In making the settlement required by subsection (a), the county
 43 auditor shall recognize the fact that any loss of revenue resulting from
 44 the provision of homestead credits in excess of the percentage credit
 45 allowed in **IC 6-1.1-20.9-2(b) or IC 6-1.1-20.9-2(d)** must be paid from
 46 county option income revenues.

(c) Except as otherwise provided in this chapter, the state board of accounts with the cooperation of the department shall prescribe the accounting forms, records, and procedures required to carry out the provisions of this chapter."

Page 26, between lines 29 and 30, begin a new paragraph and insert:

"SECTION 35. IC 12-20-25-45 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 45. (a) Notwithstanding IC 6-3.5-6, after the termination of the controlled status of all townships located in a county as provided in section 41 of this chapter and if the county option income tax is imposed under this chapter, the county fiscal body may adopt an ordinance to:

(1) increase the percentage credit allowed for homesteads in the county under IC 6-1.1-20.9-2; or

(2) reduce the county option income tax rate for resident county taxpayers to a rate not less than the greater of:

(A) the minimum rate necessary to satisfy the requirements of section 43 of this chapter; or

(B) the minimum rate necessary to satisfy the requirements of sections 43 and 46(2) of this chapter if an ordinance is adopted under subdivision (1).

(b) A county fiscal body may not increase the percentage credit allowed for homesteads in such a manner that more than eight percent (8%) is added to the percentage established under **IC 6-1.1-20.9-2(b)** or IC 6-1.1-20.9-2(d).

(c) The increase in the homestead credit percentage must be uniform for all homesteads in a county.

(d) In an ordinance that increases the homestead credit percentage, the county fiscal body may provide for a series of increases or decreases to take place for each of a group of succeeding calendar years.

(e) An ordinance may be adopted under this section after January 1 but before June 1 of a calendar year.

(f) An ordinance adopted under this section takes effect January 1 of the next calendar year.

(g) An ordinance adopted under this section for a county is not applicable for a year if on January 1 of that year the county option income tax is not in effect."

Page 49, between lines 29 and 30, begin a new paragraph and insert:

"SECTION 59. [EFFECTIVE UPON PASSAGE] **IC 6-1.1-21-2, IC 6-1.1-21-2.5, IC 6-1.1-21-7, IC 6-1.1-21-9, and IC 12-20-25-45, all as amended by this act, and IC 6-1.1-21-2.2 and IC 6-1.1-21-2.3, both as added by this act, apply only to property taxes first due and payable after December 31, 2006.**"

Renumber all SECTIONS consecutively.

(Reference is to EHB 1102 as printed February 15, 2006.)

Senator HUME